

To: Senate Energy and Telecommunications Committee
From: Conor Darby, Independent Power Systems
Re: SB 226 Opponent Testimony

4
2/1/2011

2/01/11

SB 226

Mr. Chairman, members of the committee,

I'm Conor Darby of Bozeman and my career focus for the last 10 years has been on small-scale, consumer-owned photovoltaic and wind energy systems. I'm the general manager of Independent Power Systems -or- (IPS), a renewable energy design and installation firm in business for 15 years and currently employing 10 people. I also currently serve as President for the Montana Renewable Energy Association. To say that Senate Bill 226 will undermine the past progress and future potential of my industry and my company in Montana is an understatement, and I urge you to vote against this bill. Montana is already way behind the leading states in this industry, and the passage of this bill would be a huge step backward for one of the most promising and practical sectors in our state's energy picture.

Before the advent of an interconnection standard in Montana, IPS was a one-man operation in owner Tony Boniface. He spent 3 years installing off-grid power systems for remote homes. In 1999 grid-connect equipment attained UL listing, was recognized by the National Electric Code, and an interconnection standard was established in Montana. 90% of our annual revenue has been comprised of grid-tied systems since, and we have installed 220 systems in 11 years. 85 of those systems were installed in 2009 and 2010- a clear demonstration of the recent rise in demand.

On the supply side, the number of Montana companies in this line of work has recently jumped to 40, compared to about a dozen 5 years ago. Many of them are former builders or electricians seeking a Plan B since the collapse of our local construction industry. Isn't this a better option than the thousands of Montanans who have moved out of state to find construction work in other markets? My company employs design engineers, marketing and sales associates, project managers, and electricians. These are year-round, high-paying, technical jobs and 9 out of our 10 employees are homeowners and buying local goods and services. Why would Montana pass legislation that would threaten this legitimate economic opportunity in a time of recession?

Net-metering is the single most important element in enabling system owners to reap the full value of their energy production. This bill will reduce the energy value of grid-tie systems by a third, discouraging many future buyers. Further, the core principle of net-metering is for the energy produced by a system to power the homeowner's electrical loads directly- there is zero transmission of energy required for that load at that time. This piece of legislation could allow utilities to put transmission and distribution charges on energy that is owned by someone else, and that never even touched their grid! And for the homeowner's energy that is stored on the grid during over-production- it increases the utilities' power factor during times of peak demand. As the utilities' base load grows, this is of far greater benefit to the utility than the revenues this bill is trying to generate for them.

Consumer-owned renewable energy systems should be a priority in our state's energy plan, and given the proper tools for them to proliferate. Abandoning net-metering in favor of a dual-metered system with various rates will most certainly stunt this vibrant economic vehicle that is currently on the rise, and set Montana even further behind the times in the renewable energy industry. Mr. Chairman and members of the committee, I urge you to oppose SB 226. Thank you.

Decentralized renewable energy key to state's future

Talk to people in the know on energy issues, and you'll see why the industry's future is characterized by uncertainty. Experts attest that we'll face rising electricity prices as fossil fuel supplies dwindle and power generators begin to include the costs of carbon pollution in their pricing. Look no further than the plan to export Montana coal all the way to China as an example of increased worldwide competition for fossil fuels, and note that not a single new coal fired power plant was built in the United States during all of 2009 and 2010 as power providers hedged against the assumed future price of carbon pollution.

In a world of increasing fossil fuel prices, small-scale, decentralized renewable energy systems are an increasingly attractive option for policymakers and homeowners alike. Decentralized renewable energy takes advantage of clean and unlimited energy sources like the sun and the wind; it avoids the dangers of volatile fossil fuel prices; and it helps to avoid the need for costly upgrades to the transmission grid. It also creates jobs: Dozens of Montana companies sell and install small renewable energy systems. Given that decentralized renewable en-



CONOR DARBY

Guest columnist

ergy will be a critical part of Montana's future energy mix, it is critical that the state Legislature reduce arbitrary and capricious barriers to this energy source, and refrain from erecting new ones. Montana law requires investor-owned utilities to provide "net metering" for customers who install renewable energy systems such as solar panels and small wind turbines. Under net metering, the energy from the customer's system first powers their own home or business. When the system produces more than the customer uses, the excess flows out onto the electric grid and the customer's meter spins backwards, generating a credit on their electric bill. Customers that produce as much electricity as they use can zero out their electric bills. Net metering is the single most important incentive for consumer investment in renewables, as it enables system owners to reap the full

value of their energy production.

However, current Montana law limits the size of net-metered systems to 50 kilowatts. Among the 46 states with net-metering laws, more than three-quarters have higher caps, including our neighbors North Dakota, Idaho, Oregon and Washington. There are already about a dozen solar and wind systems installed in Montana that are maxing out the 50 kW cap, and demand is constantly on the rise. Montana businesses want this technology — the 50 kW cap is standing in the way of increased investment in renewable energy, and the jobs that go with it.

Further impediments to Montana's decentralized renewable energy industry include limitations on joint or third-party ownership of net-metered systems. This prevents groups of neighbors from installing a single solar or wind system and sharing the benefits of their investment. It also prevents one company from installing a renewable energy system on another's property in a mutually beneficial agreement.

Decentralized renewable energy currently faces an even greater threat. SB 226, a bill introduced by State Sen. Jason Priest, would undermine the very concept

of net-metering by setting two separate electricity rates for net-metered customers: a lower rate for power received by the utility from the customer's renewable energy system, and a higher rate for power purchased by the customer. This would mean hefty power bills each month for all net-metered customers, even those that produce as much power as they use. SB 226 would discourage homeowners and business owners from investing in small renewable energy systems, just when we need such systems more than ever. It's an attack on renewable energy and a step in the wrong direction for Montana.

As Montana weighs its energy future, we need to ensure that decentralized renewable energy is given a fair chance. Homeowners and business owners that wish to invest in renewable energy should be encouraged to do so, rather than discouraged by unnecessary fees and arbitrary limits. Encouraging decentralized renewable energy is vital to ensure that Montana remains competitive in the energy markets of the future.

Conor Darby is general manager of Independent Power Systems in Bozeman and president of the Montana Renewable Energy Association.

CHRONICLE

EDITORIAL BOARD MEMBERS

STEPHANIE PRESSLY, *Publisher*
NICK EHRL, *Managing Editor*
BILL WILKE, *Opinion Page Editor*
KARIN RONNOW, *Assistant Managing Editor*
DOUG CHANDLER, *Community Member*
LES LOBLE, *Community Member*
SUNNY MAYOR, *Community Member*
RUSS MCLEVEA, *Community Member*

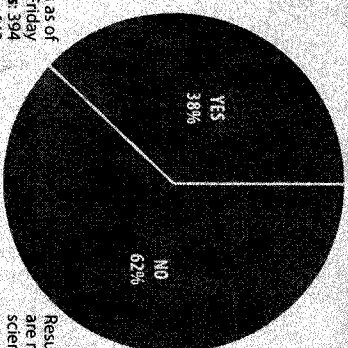
WHAT DO YOU THINK?

Would you support a repeal of the law that allows the use of medical marijuana in Montana? Yes or no?

LAST WEEK'S QUESTION

THIS WEEKEND'S QUESTION
Do you support legislation that would allow brewery taprooms to stay open two hours later until 10 p.m.? Yes or no?

Visit www.dailychronicle.com to cast your vote.



Results as of
5 p.m. Friday
Yes: 394
No: 642
Total: 1,036

Results
are not
scientific